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SUBJECT: OMANI FM PROMOTES STRONGER COMMERCIAL TIES

¶1. (U) In a December 25 interview with private Arabic-language daily "al-Shabiba," Omani Minister Responsible for Foreign Affairs Yusuf bin Alawi stressed the importance of improving commercial ties with regional partners to stimulate both trade and foreign direct investment. He cited the government's recent exchange of trade delegations with Asian partners as an important component of fostering stronger economic ties and bringing in additional foreign investment for targeted areas like the port city of Sohar. He also welcomed the establishment of more Omani commercial attache offices in its embassies to stimulate business links.

¶2. (U) On country-specific notes, bin Alawi cautioned Omani firms on doing business in Iraq. He stated that under the current circumstances, investment in Iraq would be like "gambling," particularly in Baghdad. While mentioning that the northern part of Iraq was more stable, the Minister recommended against Omani firms investing in Iraq, which he characterized as a "risky" endeavor. Bin Alawi struck a more positive tone on improving commercial ties with Iran. He cited the "distinguished" relationship between the two countries as the basis for continued discussion on several proposed joint investments. The Minister further urged the private sector to take advantage of the possibilities available to bolster Oman-Iran trade. On Yemen, bin Alawi noted that the government had already laid the groundwork for closer commercial ties with the establishment of the Mazuna free zone along the border. He thus called upon the private sector to "activate" the relationship with Yemen.

¶3. (U) Comment. The Foreign Minister's remarks come at a time when Oman is actively pursuing stronger commercial ties with Asia. As to be reported septel, prior to the Minister's remarks, Deputy Prime Minister Sayyid Fahd had just returned from a recent trip to India and Singapore in efforts to attract foreign investment. This trip followed visits to Oman from Chinese and Vietnamese delegations, all with the purpose of building stronger investment ties. End Comment.

GRAPPO